

PUBLIC DISCLOSURE

July 8, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST VINCENT HOSPITAL CREDIT UNION

**20 WORCESTER CENTER BLVD
WORCESTER , MA 01608**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **ST VINCENT HOSPITAL CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “ Satisfactory ”

As an industrial credit union whose membership is not based upon residence, St Vincent Hospital Credit Union was evaluated under the Community Reinvestment Act according to three performance criteria. The criteria are the institution's level and trend of net loans to total shares and deposits, the distribution of lending to borrowers of different income levels, and its record of fair lending policies and practices. These factors are considered within the credit union's performance context, which encompasses the institution's overall capacity to lend and the composition of its assessment area/membership sphere.

The “satisfactory” rating is based on a reasonable distribution of loans to borrowers of all income levels an average net loan to total deposit (share) ratio of 40.0 percent. and an adequate performance in regards to fair lending practices The distribution of lending to borrowers of all income levels is given the greatest consideration in the overall evaluation. This lending criterion best demonstrates the institution's record of helping to meet the credit needs of its entire membership, including low-income and moderate-income borrowers. No discriminatory lending practices were noted. No CRA complaints were received by the credit union.

PERFORMANCE CONTEXT

Description of Institution

St. Vincent Hospital Credit Union was incorporated in 1973, as a Massachusetts chartered credit union to meet the savings and credit needs of the Saint Vincent Healthcare System. The institution's sole office is situated within the St. Vincent Hospital/Worcester Medical Center in Downtown Worcester. The credit union is an ATM card issuer and members are given 5 free ATM network transactions per month, a \$1 fee is charged per transaction if the limit is exceeded. St Vincent Hospital Credit Union became a member of the SUM network in April of 2003. SUM member institutions do not place surcharges on each other's ATM customers on designated ATMS.

As of March 31, 2003, St. Vincent Hospital Credit Union had total assets of \$8.0 million, of which total loans represented \$2.8 million or 35.3 percent of total assets. The following table depicts the composition of the credit union's loan portfolio.

LOAN PORTFOLIO COMPOSITION **		
LOAN TYPE	\$ AMOUNT (000's)	%
Used Vehicle Loans	1,249	44.1
New Vehicle Loans	674	23.8
Personal Loans	702	24.8
Other Loans	55	1.9
Other Real Estate Loans/Lines	154	5.4
TOTAL LOANS	2,834	100.0

**Source: NCUA Call Report March 31, 2003

New and used vehicle loans combined totaled \$1.9 million and represented 67.9 percent of all loans. Personal loans represent \$702,000 or 24.8 percent, while other consumer loans represented \$55,000 or 1.9 percent of the loan portfolio. Other real estate loans/home improvement loans totaled \$154,000 or 5.4 percent of total loans outstanding. Other loans totaled \$55,000 and represented 1.9 percent of all loans.

Competition within the assessment area includes several community and industrial credit unions, small loan companies, and community banks. Given its asset size and financial capacity, St Vincent Hospital Credit Union has been successful in helping to meet the credit needs of its assessment area/ membership.

The Division of Banks last conducted a CRA exam on May 17, 1999, which resulted in St Vincent Hospital Credit Union receiving a "Satisfactory" Community Reinvestment Act (CRA) rating.

Description of Assessment Area

An institution's record of helping to meet community credit needs is evaluated within the context of its assessment area(s). According to 209 CMR 46.42, the Massachusetts Community Reinvestment Act regulation, a credit union whose membership is not based on residence may identify its membership as its assessment area.

St Vincent Hospital Credit Union's by-laws define individuals eligible for membership as employees and immediate family of employees of Saint Vincent Healthcare Systems, Inc and all subsidiaries. Immediate family members are further defined as; spouse, children and grandchildren, parents and grandparents, brothers and sisters of the employee.

St Vincent Hospital Credit Union has 1,961 current members and estimates its potential members at 3000. Current employment figures for St Vincent's Hospital/Worcester Medical Center were not available. However, the facility's staff includes both salaried and hourly wage employees. The new St. Vincent's Hospital/Worcester Medical Center, which opened in 2000, incorporates an in-patient hospital setting with doctor offices and outpatient facilities.

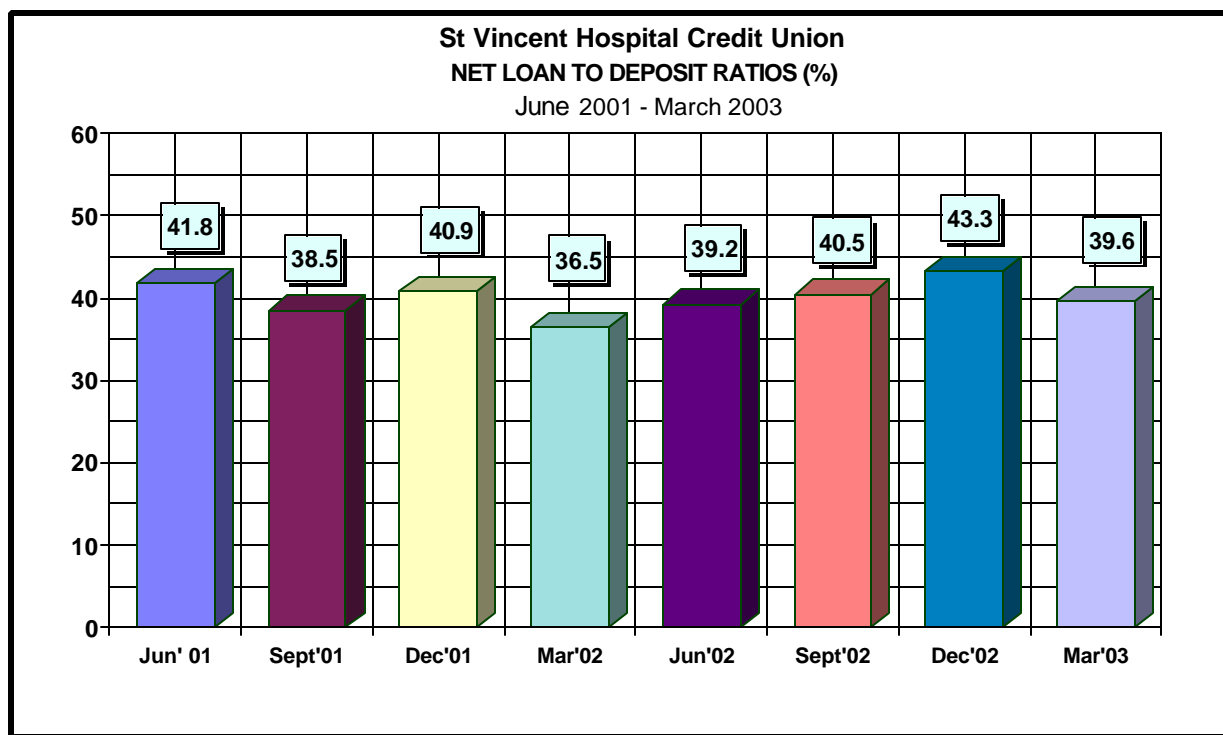
The credit union and its membership are situated within the Worcester, MA Metropolitan Statistical Area (MSA). The MSA's median family income (MFI) was \$57,000 in 2001 and \$58,400 in 2002.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT (SHARE) ANALYSIS

This first criterion evaluates the level and trend of the credit union's net loan-to-deposit (share) ratio. The average net loan-to-deposit ratio is 40.0 percent for the period June 30, 2001 through March 31, 2003. St Vincent Hospital Credit Union's performance is considered reasonable given the institution's credit product offerings and the recent competitive and economic environment.

The following graph depicts the loan to deposit ratio level and trend for the quarters reviewed.



Source: NCUA 5300 Reports and Credit Union Statements of Condition.

The credit union maintained a reasonable and stable ratio of loans to deposits (shares). In the twelve months ending March 2002 (as shown in the graph). Loans declined by 11.1 percent, while total shares/deposits increased by 4.5 percent; resulting in the decline of the ratio of loans to deposits (LTD) to 36.5 percent. However in the succeeding twelve months (ending March 2003), loans increased by 17.7 percent, outpacing share/deposit growth of 8.8 percent, resulting in the Loan to Deposit (LTD) ratio increasing from 36.5 percent (March 2002) to 39.6 percent in March 2003. The ratio's level and trend though fluctuating remained reasonable.

In addition, the following table compares this credit union's loan to deposit ratio to four other small credit unions located within the Worcester, MA MSA. The comparative credit unions are all industrial, excepting Worcester Credit Union. Furthermore, the table provides the LTD ratios, total assets, and number of members for each credit union as of December 2002.

Credit Union	Loan to Deposit Ratio	Total Assets (000's)	# of Members
Worcester Credit Union	70.5%	\$67,233	9,052
Worcester Fire Dept	49.9%	\$30,452	920
W-G (Wyman-Gordon)	59.8%	\$10,094	2,971
Worcester Police Department	44.1%	\$8,978	776
St Vincent Hospital	43.3%	\$7,397	1,974

*Source: NCUA 5300 Report data 12/31/02.

The above comparison indicates that St Vincent Hospital Credit Union's LTD ratio is most closely comparable to Worcester Police Department Credit Union.

In conclusion, St. Vincent Hospital Credit Union has maintained an average net loan to deposit ratio of 40.0 percent for the period reviewed. Its loan to deposit ratio is comparable to credit unions of similar nature and size. Consequently, St. Vincent Hospital Credit Union meets the standards for satisfactory performance for this criterion.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This criterion evaluates a small institution's record of lending within a defined geographic assessment area. Since St. Vincent Hospital Credit Union's membership eligibility is based primarily on employment affiliation, an analysis of lending patterns inside and outside a defined geographic assessment area was not conducted.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS OF BORROWERS

This third performance criterion evaluates the extent to which an institution lends to borrowers of different income levels inside its assessment area (sphere of membership). The Massachusetts' CRA regulation encourages credit unions to serve the credit needs of all segments of its assessment area, particularly those of low and moderate-income. St. Vincent Hospital Credit Union's lending distribution by borrower income levels is

considered being reasonable and consequently, meeting the standards for a satisfactory performance.

Borrower incomes were compared to the MSA areas median/Median Family Income (MFI) to determine the borrowers income levels. By CRA definition, borrowers qualify as low income (below 50% of MSA Median Family Income), moderate-income (between 50% and 79% of MSA MFI), middle-income (between 80 and 119% of MFI) and upper-income (120% or more of MSA MFI). The Worcester, MA area median income or FMI was \$57,000 in 2001 and rose to \$58,400 in 2002. In 2002, a low-income family earned \$28,600 or less, while a moderate-income family household earned no more than \$46,000, annually. Middle income families had incomes ranging from \$47,000 to \$69,500, while upper income family households earned \$70,000 or more, annually.

The analysis was based on a sample of all consumer loans granted in 2001 and 2002. The sample was randomly selected; the number of loan originations each year determined the sample size. St Vincent Hospital Credit Union granted 336 loans for \$1.7 million in 2001 and 327 loans for \$2.1 million in 2002.

The following table details the analysis of loans (both number and dollars granted) based on the borrowers' income levels.

Consumer Loan Originations By Borrower Income Levels												
Median Income Level	2001				2002				Totals			
	#	%#	\$(000)	%\$	#	%#	\$(000)	%\$	#	%#	\$(000)	%\$
Low	9	26.5	27	18.4	11	25.6	32	14.0	20	26.0	59	15.7
Moderate	6	17.6	25	17.0	14	32.6	74	32.3	20	26.0	99	26.3
Middle	9	26.5	34	23.1	13	30.2	82	35.8	22	28.6	116	30.9
Upper	10	29.4	61	41.5	5	11.6	41	17.9	15	19.4	102	27.1
Totals	34	100	147	100	43	100	229	100	77	100	376	100

Source: Consumer Loan File/Sample

The above table demonstrates that the credit union's lending is reasonably distributed among borrowers of all income levels. Low and moderate-income borrowers received 52.0 percent by number and 42.0 percent by dollars of the loans originated. Upper income borrowers received the smallest portion (19.4 percent by number and 27.1 percent by dollar volume) of loans granted. Lastly, loans to middle income borrowers represented 28.6 percent (by number) and 30.9 percent (by dollar volume) of the loans analyzed. Overall, the above analysis indicates a good loan distribution among all income levels, particularly low-income and moderate-income borrowers.

In conclusion, St Vincent Hospital Credit Union's performance is reasonable and meets the standards for a "satisfactory" rating for this criterion. The analysis indicates that the institution's loan products are serving the needs of all segments of its membership.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

This criterion evaluates a small institution's record of lending within the census tracts comprising a defined geographic assessment area. St. Vincent Hospital Credit Union's membership eligibility is based on employment affiliation and its assessment area is defined by the institution's membership by-laws. Consequently, an analysis of lending patterns based on the census tract income levels (within a geographically defined assessment area) was not conducted.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

St Vincent Hospital Credit Union received no CRA-related complaints in the period under review. The credit union has a good record of implementing fair lending practices. The credit union has a written loan policy, which addresses fair lending objectives. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2-3-101.

Loan products are marketed through quarterly statement flyers to members and separate mailings to all active employees. The credit union distributes an introductory packet to all newly hired employees. Furthermore, items concerning the credit union appear in the St Vincent Hospital's newsletter. The institution's marketing strategy adequately informs eligible members of the services and credit products offered.

St Vincent Hospital Credit Union provides both credit education and counseling to members on an individual basis. In addition, the credit union refers members/borrowers to Consumer Credit Counseling of Southern New England. The credit union's manager serves as an informal second reviewer. Additionally, the credit committee reviews all approved and denied applications.

Conclusion/Fair Lending

St Vincent Hospital Credit Union's fair lending practices are rated "satisfactory". The rating is based particularly on providing credit products that meet the needs of the membership, efforts to market these loan products to all segments of members and to provide individual counseling throughout the lending process, and efforts to review loan applications to ensure fairness in the underwriting and loan application process.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

ST. VINCENT HOSPITAL CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JULY 8, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.